

**House Study Bill 574 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
COMMERCE/INSURANCE DIVISION  
BILL)

**A BILL FOR**

1 An Act relating to the financial exploitation of designated  
2 eligible adults, and making an appropriation.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 502.801 Definitions.

2 For purposes of this article, unless the context otherwise  
3 requires:

4 1. "*Eligible adult*" means any of the following:

5 a. A person sixty-five years of age or older.

6 b. A dependent adult as defined in section 235B.2.

7 2. "*Financial exploitation*" means any act or omission taken  
8 by a person to wrongfully and knowingly deprive an eligible  
9 adult of money, assets, or property, or to obtain control over  
10 or otherwise use, convert, or divert the benefits, property,  
11 resources, or assets of the eligible adult by intimidation,  
12 deception, coercion, fraud, extortion, or undue influence.

13 3. "*Permissible third party*" means any of the following:

14 a. A person the eligible adult previously designated to  
15 receive the notification described in section 502.804.

16 b. A person otherwise permitted to receive the notification  
17 described in section 502.804 by any state or federal law or any  
18 rule issued by the financial industry regulatory authority.

19 4. "*Qualified individual*" means any of the following:

20 a. An agent who has received training pursuant to section  
21 502.808.

22 b. An investment adviser representative who has received  
23 training pursuant to section 502.808.

24 c. A person who has received training pursuant to  
25 section 502.808 and who serves in a supervisory, compliance,  
26 senior investor protection, or legal capacity for any of the  
27 following:

28 (1) A broker-dealer.

29 (2) An investment adviser.

30 Sec. 2. NEW SECTION. 502.802 Notification to administrator.

31 If a broker-dealer, investment adviser, or qualified  
32 individual reasonably believes financial exploitation of an  
33 eligible adult has occurred, has been attempted, or is being  
34 attempted, the broker-dealer, investment adviser, or qualified  
35 individual shall promptly notify the administrator. The

1 administrator may adopt rules regarding the form and manner of  
2 the notification under this section.

3 Sec. 3. NEW SECTION. 502.803 Notification to administrator  
4 — immunity.

5 A broker-dealer, investment adviser, or qualified individual  
6 who, acting reasonably and in good faith, makes a disclosure  
7 of information to the administrator pursuant to this article  
8 shall be immune from administrative or civil liability that  
9 might otherwise arise from such disclosure or for any failure  
10 to notify the eligible adult of the disclosure. This section  
11 shall not abrogate or modify any existing statutory or common  
12 law privileges or immunities.

13 Sec. 4. NEW SECTION. 502.804 Notification to permissible  
14 third party.

15 1. If a broker-dealer, investment adviser, or qualified  
16 individual reasonably believes financial exploitation of  
17 an eligible adult has occurred, has been attempted, or is  
18 being attempted, the broker-dealer, investment adviser, or  
19 qualified individual may notify a permissible third party. The  
20 administrator may adopt rules regarding the form and manner of  
21 the notification under this section.

22 2. Broker-dealers, investment advisers, and qualified  
23 individuals shall not notify a permissible third party the  
24 broker-dealer, investment adviser, or qualified individual  
25 reasonably suspects of financial exploitation or other abuse  
26 of the eligible adult.

27 Sec. 5. NEW SECTION. 502.805 Notification to permissible  
28 third party — immunity.

29 A broker-dealer, investment adviser, or qualified individual  
30 who, acting reasonably and in good faith, complies with section  
31 502.804 shall be immune from any administrative or civil  
32 liability that might otherwise arise from such disclosure.

33 Sec. 6. NEW SECTION. 502.806 Disbursements or transactions  
34 — delay.

35 1. If a broker-dealer, investment adviser, or qualified

1 individual reasonably believes a disbursement or transaction  
2 will likely result in or contribute to the financial  
3 exploitation of an eligible adult, the broker-dealer,  
4 investment adviser, or qualified individual shall initiate an  
5 internal review of the requested disbursement or transaction.

6 2. A broker-dealer or investment adviser may delay a  
7 disbursement or transaction from an eligible adult's account or  
8 an account on which an eligible adult is a beneficiary if all  
9 of the following apply:

10 a. The broker-dealer, investment adviser, or qualified  
11 individual reasonably believes, after initiating the internal  
12 review referenced in subsection 1, that the requested  
13 disbursement or transaction will likely result in or contribute  
14 to the financial exploitation of an eligible adult.

15 b. Immediately, but in no event more than two business  
16 days after the disbursement or transaction is delayed,  
17 the broker-dealer or investment adviser provides written  
18 notification of the delay and the reason for the delay to  
19 all persons authorized to transact business on the account.  
20 Broker-dealers, investment advisers, and qualified individuals  
21 shall not notify a person authorized to transact business  
22 on the account if the broker-dealer, investment adviser,  
23 or qualified individual reasonably believes the person  
24 has committed financial exploitation, attempted financial  
25 exploitation, or other abuse of the eligible adult.

26 c. Immediately, but in no event more than two business  
27 days after the disbursement or transaction is delayed, the  
28 broker-dealer or investment adviser notifies the administrator  
29 of the delay and provides to the administrator the reason  
30 for the delay, including the results of the internal review  
31 referenced in subsection 1.

32 d. The broker-dealer continues the internal review of the  
33 suspected or attempted financial exploitation of the eligible  
34 adult, as necessary, and provides the administrator with  
35 updates upon request.

1 3. Any delay of a disbursement or transaction authorized by  
2 this section will expire upon the first to occur of any of the  
3 following:

4 a. A determination by the broker-dealer or investment  
5 adviser that the disbursement or transaction will not result in  
6 or contribute to financial exploitation of the eligible adult.

7 b. Fifteen business days after the date on which the  
8 broker-dealer or investment adviser first delayed disbursement  
9 of the funds or transaction, unless the administrator requests  
10 the broker-dealer or investment adviser to extend the delay,  
11 in which case the delay shall expire no more than twenty-five  
12 business days after the date on which the broker-dealer or  
13 investment adviser first delayed the disbursement of the funds  
14 or the transaction.

15 4. Notwithstanding subsection 3, upon the petition of  
16 the administrator, the broker-dealer or investment adviser  
17 who initiated the delay pursuant to this section, or another  
18 interested party, a court of competent jurisdiction may enter  
19 an order terminating, extending, or modifying the delay of the  
20 disbursement or transaction and may order other protective  
21 relief.

22 5. The administrator may adopt rules regarding the form and  
23 manner of the notifications under this section.

24 **Sec. 7. NEW SECTION. 502.807 Disbursements of transactions**  
25 **— delay — immunity.**

26 A broker-dealer or investment adviser who, acting reasonably  
27 and in good faith, complies with section 502.806 shall be  
28 immune from any administrative or civil liability that  
29 might otherwise arise from such delay in a disbursement or  
30 transaction.

31 **Sec. 8. NEW SECTION. 502.808 Training requirements.**

32 1. A broker-dealer or investment adviser shall provide  
33 to its qualified individuals training appropriate to the job  
34 responsibilities of a qualified individual. The training shall  
35 include all of the following:

1     *a.* Instruction on how to identify the suspected or attempted  
2 exploitation of an eligible adult, including common signs  
3 indicating the financial exploitation of an eligible adult,  
4 and how to provide notification regarding the suspected or  
5 attempted exploitation of an eligible adult.

6     *b.* Instruction regarding privacy and confidentiality  
7 requirements.

8     2. A broker-dealer or investment adviser shall provide  
9 the training required by this section as soon as reasonably  
10 practicable, but at least within one year after the date  
11 the qualified individual begins employment with or becomes  
12 affiliated or associated with a broker-dealer or investment  
13 adviser.

14     3. The administrator may adopt rules specifying the content  
15 and method of the training required by this section.

16     Sec. 9. NEW SECTION.   **502.809 Records.**

17     1. A broker-dealer or investment adviser shall provide  
18 access to or copies of records that are relevant to the  
19 suspected or attempted financial exploitation of an eligible  
20 adult to the administrator and to law enforcement, either as  
21 part of a referral to the administrator or law enforcement,  
22 or upon the request of the administrator or law enforcement  
23 pursuant to an investigation. The records may include  
24 historical records as well as records relating to the most  
25 recent transactions that may comprise financial exploitation of  
26 an eligible adult.

27     2. All records made available to the administrator, the  
28 department of human services, or law enforcement pursuant to  
29 this section shall be considered confidential public records  
30 under chapter 22 and shall not be available for examination by  
31 the public pursuant to section 22.2.

32     3. Nothing in this section shall limit or otherwise impede  
33 the authority of the administrator to access or examine the  
34 books and records of broker-dealers or investment advisers as  
35 otherwise provided by law.



1 eligible adult has occurred, has been attempted, or is  
2 being attempted. The bill similarly provides immunity for  
3 broker-dealers, investment advisers, and qualified individuals  
4 from administrative or civil liability incurred or imposed as  
5 a result of this notification.

6 The bill prohibits broker-dealers, investment advisers,  
7 and qualified individuals from notifying a permissible third  
8 party if the broker-dealer, investment adviser, or qualified  
9 individual reasonably suspects the permissible third party of  
10 financial exploitation or other abuse of the eligible adult.

11 The bill requires a broker-dealer, investment adviser,  
12 or qualified individual to initiate an internal review of a  
13 requested disbursement or transaction if the broker-dealer,  
14 investment adviser, or qualified individual reasonably believes  
15 the disbursement or transaction will likely result in or  
16 contribute to the financial exploitation of an eligible adult.

17 The bill allows a broker-dealer or investment adviser  
18 to delay a disbursement or transaction from an eligible  
19 adult's account or an account on which an eligible adult is  
20 a beneficiary if certain enumerated steps are followed. The  
21 bill also prohibits broker-dealers, investment advisers, and  
22 qualified individuals from notifying a person authorized  
23 to transact business on the eligible adult's account or an  
24 account on which an eligible adult is a beneficiary if the  
25 broker-dealer, investment adviser, or qualified individual  
26 reasonably believes the person has committed financial  
27 exploitation or other abuse of the eligible adult.

28 The bill establishes when and under what conditions the  
29 delay of the disbursement or transaction is to end. The bill  
30 provides immunity for broker-dealers and investment advisers  
31 from administrative or civil liability incurred or imposed as  
32 a result of the delay.

33 The bill requires broker-dealers or investment advisers  
34 to provide to qualified individuals training related to  
35 identifying financial exploitation of eligible adults and

1 privacy and confidentiality requirements.

2 The bill also requires broker-dealers and investment  
3 advisers to provide the commissioner of insurance and law  
4 enforcement officers access to and copies of records relevant  
5 to investigations of financial exploitation of eligible adults  
6 in certain enumerated circumstances. The bill provides these  
7 records are considered confidential records for purposes of  
8 Code chapter 22, and are not available for examination under  
9 Code section 22.2.

10 The bill makes an appropriation from the commerce revolving  
11 fund created in Code section 546.12 to the insurance division  
12 of the department of commerce for the fiscal year beginning  
13 July 1, 2020, and each year thereafter, for purposes of  
14 investigating complaints and notifications related to financial  
15 exploitation of eligible adults.